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OFFICE OF CURRENT INTELLIGENCE
DAILY DIGEST OF SIGNIFICANT TRAFFIC

Date: MAR 14 1951

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SECTION 1 (SOVIET)

"C" USSR. Supreme Soviet Passes Law on War Propaganda. At a joint evening session on 21 March 51, the Supreme Soviet decreed: (1) to consider that war propaganda, whatever its form, undermines the cause of peace, creates the danger of a new war and is consequently a most grave crime against humanity; (2) to prosecute persons guilty of war propaganda and try them as having committed a grave penal offense. [redacted] 25X1
PRAVDA and IZVESTIA carry numerous, lengthy speeches and lead editorials on the new law, proclaiming its international significance, referring to the recent Stalin interview and the Second World Congress of Peace Partisans appeal to the UN on war propaganda, and citing the previous Soviet proposal on war propaganda. Also reference to American aggression and war-mongering, German remilitarization, etc. [redacted] 25X1
COMMENT: This decree generally parallels those of the Eastern European Satellites, the GDR, CPR and the Mongolian Peoples' Republic passed in conformance with a WPC resolution.

"C" Soviet Budget Increases Largely Nullify Supposed Consumer Savings From 1 March Price Cuts. In connection with the 1 March price cuts, the Soviet Government stated the resulting loss in revenue to the state would amount to 27.5 billion rubles. However, according to the 1951 budget, 9.6 billion more rubles will be taken from the population directly in the form of income tax and state loans than last year. In addition the state may also expect to gain at the population's expense through increased income from the turnover tax (8.5 billion rubles); industry profits tax (6.7), and from the use of new individual savings (3.5). Furthermore, the 7 billion decrease in Kolkhoz market prices portrayed by the government as a saving to consumers also represents an equal loss of income to the rural population. [redacted] 25X1

"B" EASTERN EUROPE. ALBANIA. Minister of Justice "Released". Dr. Manol Konomi, the Albanian Minister of Justice, has been relieved of his position "on the proposal of the Chief of the Council of Ministers." Manush Myftiu, Minister of State Control, will assume the duties of the office in the interim. [redacted] COMMENT: Konomi's release appears to be part of a continuing reorganization of the Albanian Cabinet. [redacted] 25X1
[redacted] The future duties or fate of the three ministers released from their posts have not been announced so far. Embassy Belgrade reports that a round trip flight of a Soviet IL-12 to Tirana was made on 6-7 March. On its return flight when the plane made its usual custom check at the Belgrade airport, Soviet Embassy officials met the plane as if there were high ranking officials on board. Since the ninth plenum of the Communist Party Central Committee held in Tirana from 19 to 23 Feb, in addition to the governmental shakeup, local Communist Party officials have been dismissed and stricter control measures have been instituted. 1

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"B" BULGARIA. New Civil Defense Mass Organization Created. The newly created "Voluntary Organization for Defense Assistance" is reported by Radio Sofia to be in the process of organizational activities throughout Bulgaria. The broadcast indicates that members are pledging themselves to attain greater proficiency in the arts "for the defense of peace" such as sharp-shooting, parachute jumping, glider piloting and to train "thousands" in similar activities. Courses will be held "to prepare all members in sharp-shooting and air defense before the end of the year." Mine workers of Vulkan colliery have challenged Maritsa coal miners to a "competition for efficiency in the courses." [REDACTED] COMMENT: Organization of this new group follows close on the heels of the merger of the two mass para-military organizations for civilian surveillance and control. [REDACTED] The USSR is overlooking no bets in strengthening its Bulgarian outpost for all contingencies.

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"B" CZECHOSLOVAKIA. Catholic Bishops Succumb to Communist Pressure. On 12 March, four Roman Catholic Bishops and two other church administrators swore loyalty to Czechoslovakia's Communist regime before Vice-Premier Fierlinger, Director of the Office for Church Affairs. [REDACTED] COMMENT: The 12 Bishops of Czechoslovakia until now have presented an united front against increasing pressure from the regime to accede to the Law of 1 November 1949 which required all clergymen to take a prescribed loyalty oath. Two of the Bishops were sentenced to long prison terms last January on charges of treason and espionage. The banishment of Archbishop Beran from Praha and the investiture of a pro-regime priest as Archbishop pro tem [REDACTED] probably paved the way for the fealty ceremony. As a result of this new rapprochement, the Government is considerably closer to the creation of an autonomous Roman Catholic Church in Czechoslovakia, exempt from the influence of the Holy See.

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"B" HUNGARY. Permission to Set Up New Cooperatives Temporarily Suspended. A decree issued 27 February prohibits the establishment of new agricultural producer cooperative groups from 10 March until further notice. Hungarian officials explained that the order has a two-fold aim: (1) working peasants must devote all their energy to agriculture now that spring is here; and (2) efforts must be made to strengthen those cooperatives already set up. [REDACTED] COMMENT: An intensive campaign during the last few months to increase the number of cooperatives resulted in the formation of 1,800, bringing the total to 3,480 at the end of February. A shortage of skilled agriculturalists and tractors, as well as other weaknesses prohibit further numerical development of the cooperative movement at this time. Efforts to increase the membership of the existing cooperatives, however, are continuing. Meanwhile, the anti-kulak campaign is being intensified. According to Hungarian officials 70% of the arable land is still in individual holdings.

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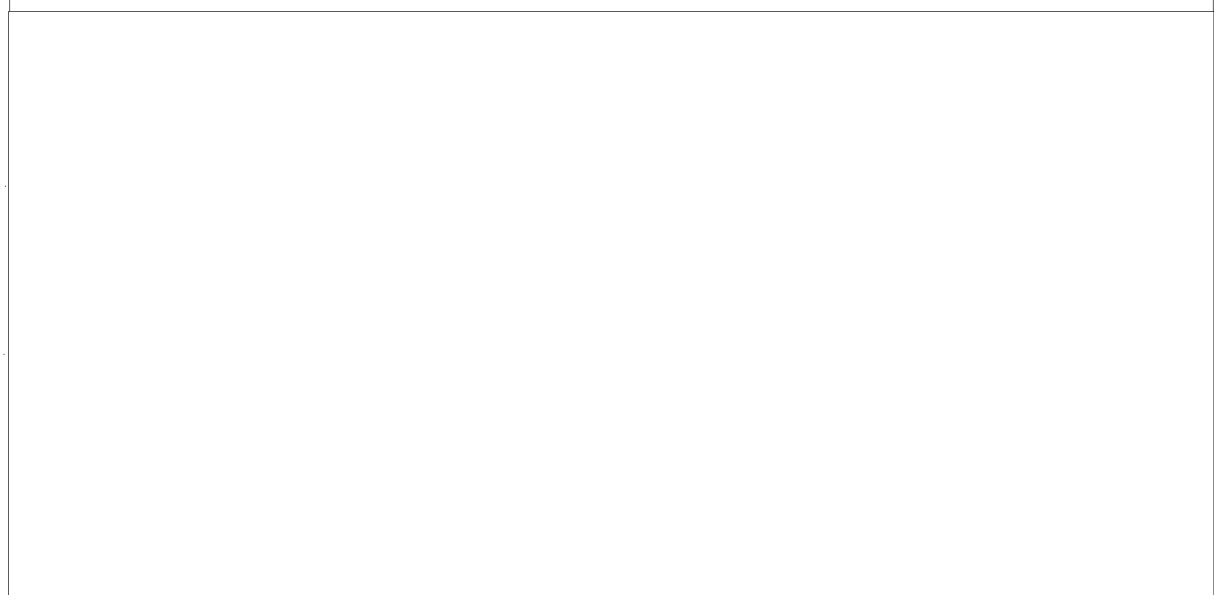
"C" Production of Children Promoted. A decree issued 8 March creates the Order of Merit for Motherhood "to honor the mothers of many children who have greatly contributed to the strengthening of the homeland." [REDACTED] COMMENT: The Bulgarian Government recently awarded medals to 39 mothers who had reared many children. The Russian Communists and German Nazis used the same method to increase their populations.

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"A" RUMANIA. Possibility of Soviet-Satellite Meeting Near Bucharest. The fact that during the past week-end diplomatic cars on the way to Snagov were turned back about 10 kms from Bucharest has led Western diplomats in Rumania to believe that a high level conference is being held at the resort. Last summer when Snagov was out of bounds for a week it was believed that a "Cominform" conference was being held there.



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"C" YUGOSLAVIA. Tractors for Yugoslavia. Embassy Belgrade strongly supports the Yugoslav proposal to obtain 5-7,000 tractors from Western European countries through ECE on easy credit terms. [REDACTED] 25X1

The Embassy states that the essential weakness of the Yugoslav Five-Year Plan of economic development lies in the imbalance of agriculture, especially the syphoning off of manpower from the farms. This has resulted in a manpower shortage on the farms without provision for replacement, and has contributed to the failure of agriculture to recover its prewar status. The Embassy does not consider unrealistic the Yugoslav estimate that the additional tractors would enable a 15% increase in grain production, particularly over a period of 2-3 years. The Embassy points out that tractors on farms will not only improve Yugoslavia's export and foreign exchange position but will also relieve the stringent manpower situation in the Yugoslav mining, forestry and other essential industries. The Embassy cautions, however, that unless the tractors are utilized to the best advantage on private farms as well as collectivized farms (which represent only 20% of agricultural land), the recent tendency toward decline in over-all farm production may continue, thereby negating the expected advantages in respect to exports. [REDACTED] 25X1

COMMENT: Yugoslavia's ability to use an additional 5-7,000 tractors is limited by its lack of trained operators and maintenance facilities. Previous reports indicate that manpower difficulties in industry, mining, etc., arose, at least in part, from the fact that manpower would not stay, but returned to farms. While mechanization would release labor from farms, it is not believed that there is now an agricultural labor shortage.

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SECTION 2 (EASTERN)

"B" THAILAND. Phibun Opposes New Regent. The King has appointed Prince Dhani Niwat to succeed the late Prince Rangsit as Regent of the Realm. The appointment was approved by Parliament with only Prime Minister Phibun and a "maverick MP" voting in opposition. Ambassador Stanton comments that Phibun's vote was a surprising lapse of his usual political astuteness and will probably cast a shadow over his relations with the new regent, who is popular in Thailand and is expected to take a stronger hand in managing the regency than did his predecessor.

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COMMENT: If Prince Dhani restricts his activities to management of the regency, no serious upheavals in the Thai Government or change in its administration is likely to develop as a result of personal animosity between himself and the Prime Minister.

"C" INDONESIA. Communist Party supports Moroccan independence. The Parliamentary faction of the Indonesian Communist Party (PKI) has voiced support of Moroccan independence, stating that the PKI will not take a neutral stand on the issue and calling upon the entire Indonesian people to demand the withdrawal of French troops from Morocco as soon as possible.

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COMMENT: The PKI, in exploiting the Moroccan problem before the predominantly Moslem population of Indonesia, can point to the government's indecisive stand on the issue.

"B" INDOCHINA. De Lattre leaves for Paris. De Lattre departed from Saigon today for Paris where he will press demands for military reinforcements. In this connection he hopes to meet General Eisenhower on 16 March.

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"B" Alleged suicide of General Giap. A Saigon Vietnamese newspaper has published further details on the circumstances surrounding the rumored suicide of the Viet Minh C-in-C Vo Nguyen Giap. Giap is reported to have taken his life as a result of accusations by a subordinate general that Giap was responsible for Viet Minh military reverses in January.

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COMMENT: A member of the Bao Dai Government confirmed that he was the author of a whispering campaign which produced the above story, which, to the best of his knowledge, has no basis in fact.

"A" Imminent Chinese Invasion Held Possible. US Army Attache Saigon calls attention to a combination of factors which may herald a Chinese invasion of Indochina earlier than General De Lattre's estimate of August-September: 1) Viet Minh work on supply routes has been expedited, 2) the CCF is still in a position to attack without warning, 3) past experience with Chinese indicates that the period immediately preceding the rainy season is the most likely period for a CCF adventure in Indochina, 4) Franco-Vietnamese forces could barely withstand an attack

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25X1 by the Viet Minh alone, and this attack, which is expected soon, would so seriously tax the French that the CCF "could not resist the temptation" to move in. [REDACTED] COMMENT: The Chinese Communists continue to possess the capabilities for invasion, but indications are lacking of their intent to do so in the immediate future.

25X1 "B" CHINA. Communists may acquire 15,000 ton tanker. A Chinese Communist crew, manning the 15,000 ton tanker YUNG HAO in Hong Kong, endeavored to make an unauthorized departure for the mainland on 11 March. The vessel was intercepted by harbor police, and the crew was placed under arrest, charged with attempted transfer of anchorage without authorization of harbor authorities. This charge is merely a misdemeanor, however, and Hong Kong authorities have indicated that they have no legal basis to refuse authorization for departure of vessel. [REDACTED] COMMENT: This tanker was being repaired for the Chinese Nationalists in Hong Kong before possession was taken by the Chinese Communists. United States officials have repeatedly declared their concern to Hong Kong authorities that the vessel would depart for the mainland, where it would be invaluable to the Chinese Communists, doubling the petroleum-carrying capacity of their fleet. Interception by the Chinese Nationalist navy may be the only way to prevent the tanker from reaching the mainland. US naval vessels in the harbor are prepared to signal immediately if the tanker departs.

25X1 "C" KOREA. Yongwol Power Plant Badly Damaged. A preliminary ECA inspection of the Yongwol Thermo Power Plant indicates that the plant has been badly damaged by the fighting. The plant has a rated capacity of 100,000 kilowatts although it has been producing only 60-70,000 kilowatts during the past six years. It is estimated that in six to eight weeks by cannibalizing part of the plant sufficient repairs could be made to produce 25,000 kilowatts. Coal on hand is estimated at one month's supply at 25,000 kw. The coal mine, however, that normally supplies the plant is not in operation and the miners have fled. [REDACTED] COMMENT: Since the Yongwol Plant produced about 80% of South Korea's electric power prior to the Korean War, the plant's importance to the ROK's industry is obvious.

"C" Communist Vulnerabilities. A mid-February summary of POW interrogations indicates that the major causes for low morale among enemy troops continue to be hunger, frostbite and fear of air attack. Almost two-thirds of the POWs claimed that food was obtained entirely through foraging and that food had become increasingly scarce south of the 38th Parallel. Two-thirds of the POWs, both Chinese and North Korean, mentioned frostbite and estimated that 10 to 97% of the men in their units had been affected. Shortages of medicines and medical facilities were a more serious factor among North Koreans than among Chinese. No North Koreans reported receiving inoculations or vaccinations although some of the Chinese had received

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immunization injections. A large number of reports were received indicating intense fear and helplessness in the face of air attacks, at times amounting to virtual demoralization. A higher desertion rate reflects the more serious morale factor among the North Koreans. [REDACTED]

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"C" JAPAN. Japanese Agency in Washington Proposed. Noting that the establishment of a Japanese Government Overseas Agency in Washington would serve to familiarize Japanese Foreign Office officials with the Washington scene during the interval prior to conclusion of the peace treaty, the Department of State has requested that the Mission in Tokyo discuss with SCAP the desirability of such a step. The Department also suggests that SCAP consider granting authority for the agencies in New York, Los Angeles, San Francisco, Seattle and Honolulu to perform passport and other travel documentation services. [REDACTED] COMMENT: Japan's overseas agencies have been established in the US and in several other countries primarily for trade promotion and market research, although they have performed quasi-consular functions in some cases. These proposals would be further steps in restoring Japan's international status prior to a treaty.

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"C" Largest Labor Federation Favors Socialist Stand. Sohyo, credited with 3,200,000 members and Japan's largest labor organization, went on record during its three day national convention in Tokyo as supporting the Socialist Party's three-point policy of over-all peace (including the USSR and Communist China), perpetual neutrality and no lease of military bases. Sohyo also voted against joining the anti-communist International Confederation of Free Trade Unions. [REDACTED] COMMENT: Sohyo does not present a solid front at this time. Within its ranks the Federation reflects the growing difference of opinion in the Socialist Party. Strong right wing minorities in both the Party and the Federation favor soft-pedaling or even discarding the Socialists three-point policy which they feel is unrealistic and not reflecting present public opinion.

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SECTION 3 (WESTERN)

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"B" ITALY. Projected Socialist Unification Makes Cabinet Reshuffle Increasingly Likely. A Cabinet reshuffle in April or immediately after the May elections is probable now that the Socialist Party of Italian Workers (PSLI) and the Unitary Socialist Party (PSU) executive committees have signed a definitive agreement for unification, based on PSLI withdrawal from the Government (and PSU support for the Atlantic Pact). US Ambassador Dunn believes it likely that the PSLI convention (beginning 31 March) will accept the unification agreement and that the PSLI may leave the Cabinet during early April. The Ambassador adds that "no one even hazards a guess" as to what the new Cabinet would be like. He points out that the agreement makes no mention of trade union policy. [REDACTED] COMMENT: 25X1

Because of intensified pressure from the right and left wings of Premier De Gasperi's Christian Democratic Party, a new Cabinet will probably involve increased concessions to these two groups. The PSLI's decision to leave the Government is probably precipitated by (1) possibility that a strong Italian socialist movement may develop as the result of the projected alliance between the PSU and the following of Communist defectors Magnani and Cucchi [REDACTED] 25X1

[REDACTED] and (2) the increasing ineffectiveness of the PSLI in the Christian Democratic-dominated Cabinet.

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"B" NETHERLANDS. Coalition Cabinet Formed. Dr. Romme, Parliamentary leader of the Catholic Party, has reported success as informateur in ending the seven-week-old Cabinet crisis with a four-party agree-

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ment to join a coalition. The program calls for an increase in defense expenditures and a restriction of consumption and investment to ease the balance of payments disequilibrium. The new Cabinet has the same political complexion as the last, with participation by the two major parties (Catholic and Labor) and two of the minor parties (Christian Historical Union and Freedom and Democracy). Furthermore, there will be few shifts in Cabinet personnel, as Drees, Stikker and Liefstinck retain the posts of Premier, Foreign Affairs, and Finance, respectively. [REDACTED] COMMENT: The retention of almost all the members of the former Cabinet probably will give continuity to Dutch domestic and international policy. The inclusion of Stikker, despite repudiation by his party (Freedom and Democracy) is indicative of the national and international eminence he has attained. The immediate need for measures to carry out the defense, social, and economic programs indicates that the New Guinea issue, which was the direct cause of the last Cabinet's downfall, will be pushed into the background.

"C" IRELAND. Cabinet Shuffle of Little Significance. In a triangular reallocation of Cabinet positions, the Ministers of Defense, Industry and Commerce, and Justice have exchanged responsibilities. [REDACTED]

[REDACTED] COMMENT: The move was effected in order to give the ailing Minister of Industry and Commerce the less burdensome Justice portfolio. The coalition Government's balance remains unaltered as all three men are members of the same party; no significant policy change is involved. The facility with which the Ministry of Defense was reassigned suggests the slight importance the Government still attaches to military matters.

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DAILY DIGEST SUPPLEMENT

MAR 14 1951

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OFFICE OF CURRENT INTELLIGENCE
DAILY SUMMARY

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14 March 1951

DEPUTY FOREIGN MINISTERS' CONFERENCE

"A" Remarks of Jessup Regarding Soviet Actions in Deputy Foreign Ministers' Conference. The US delegate to the Deputy Foreign Ministers' Conference states that the Soviet delegation has made the usual propaganda attack on the West and has not revealed any new positions. The admission of the Austrian Treaty and German unity issue to the Soviet agenda constitutes no concession. The Austrian Treaty is still linked with Trieste and the addition of "German unity" apparently represents Soviet recognition of a disadvantageous propaganda position. The US delegate believes that the Soviet delegation is waiting for "some break" in the Western position and that the conference will, therefore, continue for some time. He also believes that the modified Western agenda contains all important concessions that can be made without moving toward the slanted Soviet agenda.

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COMMENT: Soviet delegate Gromyko has stated at the conference that "no agenda which did not specifically include the subject of the demilitarization of Germany and the prohibition of the remilitarization of Germany would be satisfactory to the USSR".

SECTION 2 (EASTERN)

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"G" INDOCHINA. Cambodian Appointee to Burma. The Cambodian Government intends to assign a diplomatic trainee to the French Legation in Burma. US Embassy Rangoon considers that the assignment of a Cambodian representative on this basis (rather than as chief of mission) would be a grave mistake since it would be interpreted by the Burmese as evidence of continuing French control over Indochina and might contribute to pro-Ho Chi Minh sentiment in Burma.

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SECTION 3 (WESTERN)

"B" GERMANY. Allies Review West Berlin Canal Restrictions. At a special meeting on 12 March, the Allied High Commissioners in western Germany planned to review imposition of counter measures against the Soviets on the west Berlin waterways. [redacted] At a meeting the day before, the three Allied Berlin commandants agreed to urge the High Commissioners not to discontinue these counter measures, which have so far resulted in considerable stalling of east German barge traffic in west Berlin canals. This view, presented through the British commandant, stressed the need to force a cessation of Soviet east German harassing of transportation between Berlin and the West, which has led to the shrinking of west Berlin coal stocks. [redacted] 25X1

COMMENT: No further reports have been received on the outcome of the 12 March meeting of the High Commissioners, who are presumably reconsidering these counter measures in view of east German halting of train shipments of coal to west Berlin. [redacted] 25X1

"B" FRANCE -INDOCHINA. De Lattre Seeks Eisenhower Interview. General de Lattre de Tassigny, French High Commissioner in Indochina, who will arrive in Paris 15 March to ask personally for reinforcements, has requested a private meeting with General Eisenhower to seek support for his mission. The US Minister in Saigon reports that these reinforcements are vital to French plans and operations in Indochina, and de Lattre is gambling that he can complete the Paris trip before the expected Viet Minh offensive opens in late March. Inasmuch as Minister for the Associated States Letourneau has indicated that the decision to transfer metropolitan troops to Indochina depends on General Eisenhower's attitude, de Lattre believes he must see Eisenhower personally. [redacted] 25X1

COMMENT: General Juin, supreme French military commander, favors sending additional troops to Indochina, but the French Government now seems willing to be guided by NATO leadership on the size of such reinforcements. By deferring to NATO headquarters in this instance, the French may wish to pave the way for a possible future decision to request international participation in the Indochina struggle —a step which France has carefully avoided to date.

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